



Association

**Illinois
Study
Corn
Interim Report
Growers
June 7, 2002**

Comments on Navigation

Draft

Submitted,

Illinois Corn Growers Association (ICGA) respectfully submits the following comments regarding the Army Corps of Engineers Draft Interim Report on behalf of its membership. ICGA is a membership-trade organization representing the state's corn producers on a variety of issues including river management.

General Comments

Agriculture continues to be the state's largest industry and corn and soybeans are the foundation of agricultural commerce, so the ability to export and compete in world markets is fundamental to all Illinois citizens.

Ninety-six percent of our potential customer base lives outside the borders of the United States. So, Illinois Corn Growers Association believes an efficient river transportation system is critical to the economic health and future viability of the Illinois economy. We currently export half of our corn crop and more than half of our soybeans and soybean products.

Illinois industry utilizes the Mississippi River and Illinois River heavily, but for the purposes of these comments we will address the Illinois River primarily. ICGA is a signatory on the Midwest Area River Coalition 2000 comments, which are specific to the entire river complex.

Perhaps our number one concern is the very obvious tenor of the Draft Interim Report which seems very environmentally focused. ICGA appreciates and advocates the need for a balanced approach to managing our river system and meeting the needs of businesses, recreational users, and environmental constituencies. However, we would like to see more emphasis on the importance of navigation reflected in the final report to strike a more even balance.

Export Outlook

The trend toward increasing exports of corn and soybeans is well documented. What is

equally clear is that the buying power of many nations is increasing as populations continue to grow. China offers a perfect example. However, many of these same nation's do not have the land resources or the technical expertise to become self sufficient regardless of their internal policies or desire.

At the same time, exponential growth in yields are forecast in the U.S. as a result of the emerging science of biotechnology. Some are currently portraying biotechnology as an export limiting element, but it will be less of a factor in exports in the near future. Biotechnology has been used as an artificial trade barrier but this strategy cannot be sustained. Biotechnology is gaining acceptance as science overrides speculation and fear.

Of the five scenarios under review, ICGA will dispute any which do not factor in export growth. Corn production numbers provided by ICGA previously document the fact that corn yields and production trends have moved to a new plateau. Biotechnology is making historic production trends irrelevant unless they are put in perspective with yield increases in recent growing seasons.

Ultimately, we can either maintain our river locks as a means of accessing these hungry customers or allow our competition to service these markets. ICGA believes it is short sighted to allow our productivity to become a detriment, rather than an asset.

It would also lack vision to assume these markets will be handed to us without competition. For all intent South America has caught the U.S. in terms of productivity and they are working tirelessly to close the transportation gap. ICGA believes lock upgrades will allow the U.S. to continue to be the preeminent exporter for years to come.

Proposed Options

ICGA asserts the pivotal role of the Illinois River makes any plan which does not incorporate major improvements to this system unacceptable. Therefore, Alternative 1, & 4 should be excluded. Tonnage and seasonal demand on the Illinois River support this assertion.

Congestion Fees mentioned under Alternative 2 do not ultimately resolve the problem either because they too would make us less competitive, limit exports and depress the agriculture economy. Our goal should be to provide a multi-functional river resource that meets the diverse needs of society, not to put off the problem facing our society and delay it for future generations.

The concept of traffic scheduling mentioned in Alternative 3 should be discarded out of hand because it shows no appreciation for the realities of commodity sales and transportation needs. Many customers for U.S. goods do not have the luxury of buying ahead because of limited capital, nor do they have the storage infrastructure or means to operate in this type of environment. Our ability to produce a consistent supply, store commodities as needed, and ship efficiently are key to our holding the majority share of world grain demand.

ICGA has previously stated its belief that there is enough data to support five new locks on the Mississippi River and two locks on the Illinois River.

Locking Delays

ICGA wants to make sure the report contains a detailed and accurate picture of lock delays which adequately reflects traffic patterns and transportation needs on our rivers. Specifically, it is not sufficient to look strictly at “average lock delays” on the Illinois River. Because of the ability to “open pass” (at Peoria and LaGrange locks) by lowering wickets in time of high water, this makes average delay numbers nearly irrelevant.

To truly address the demand picture on the Illinois River you must assess data for periods with and without open pass. Considering locking is not necessary for many months of the year, the annual average locking numbers are seriously suspect.

Exporting is an on-demand enterprise so it’s not the average delay but the actual delay at the time the lock is needed that is relevant. A three-hour locking procedure (an typical locking time) during peak export season translates into poor customer service and endangers future business. The increased locking cost is also a burden to farmers who ultimately pay increased shipping costs. These elevated shipping costs increase the cost of our corn to customers worldwide, thus making us less competitive. The more inefficient our transportation system becomes the larger share of world demand we lose.

Seasonal Demand

Seasonal demand is another factor which requires a closer look. It is common knowledge that the river sees heavy agricultural traffic in the fall, but another factor that deserves consideration is the shift of tonnage from the Mississippi to the Illinois River during the winter months.

When the Mississippi River closes in the winter all of the traffic shifts to the Illinois within the Rock Island District. This is a common occurrence. The data indicates the actual tonnage on this critical portion of the Illinois River actually moves more tonnage during the winter months than the Mississippi River portion of the Rock Island District. Half the total tonnage passing St. Louis comes off the Illinois River because of increased traffic demand in the winter.

The restrictive size of the Peoria and LaGrange locks are amplified even more because of icing in the winter. Although the river remains passable, there is a constant need to lock vessels and cargo as well as ice flows through the locks. As a result, expanding to 1200-foot locks at Peoria and LaGrange would have the added benefit of speeding the locking of tows and ice flows.

Illinois Priority

ICGA contends the arguments above show the need for giving upgrading of the Illinois locks a high priority. In previous versions of the draft navigation proposals it was projected that work on these Illinois locks might not begin until 2020. The condition of these facilities is such that they clearly will not withstand this kind of delay.

River carriers in previous hearings and commentary clearly stated these locks cannot wait another 18 years for major improvements because of the tonnage and the overall volume of traffic moving on the Illinois River.

Thank you for the opportunity to offer comment on the Draft Interim Navigation Study.

Gary Niemeyer, President
Illinois Corn Growers Association

Responses to comments from Illinois Corn Growers Association.

General Comments.

The draft report has been revised to include additional information on the importance of the economics of the river system. It should be noted that the broadening of the scope of this study to include environmental sustainability has required more discussion in this topic area.

Export Outlook.

The ability to forecast demand for waterway transportation is a challenge. The use of a scenario-based analysis will provide the ability to evaluate a set of alternatives across all scenarios, and search for those that work well under a broad range.

Proposed Options.

The full evaluation of ecosystem and navigation improvement measures will be accomplished as part of the feasibility study. Tentative plans will be completed by October 2003 and shared with the stakeholders and public. A final recommendation will then be determined and documented in the final feasibility report scheduled for completion in 2004.

Locking Delays.

The open pass and average delay issue will be revisited during the feasibility study.

Seasonal Demand.

The seasonal demand issue will be revisited during the feasibility study.

Illinois Priority

Comment noted.